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INDUSTRIAL ACCELERATOR ACT

EEB RECOMMENDATIONS

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The European Environmental Bureau (EEB) is the largest network of environmental citizens' organisations in Europe. It unites 190 civil society organisations from 41 countries, working for a better future where people and nature thrive together.

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Industrial Accelerator Act: EEB recommendations

1. Introduction

The Industrial Accelerator Act (IAA) has been generally welcomed as an important piece of legislation able to stimulate the demand for low carbon industrial products, thanks to its provisions setting market quotas, Union origin requirements and labels.

Regretfully, the IAA has lost its decarbonisation focus along the road[1]; it now has a general industrialisation goal, only partly focused on decarbonisation projects. For example, acceleration areas that should theoretically quicken permitting procedures are dedicated to *industrial manufacturing projects* in strategic sectors listed in Annex I. The definition of strategic sector falls short of focusing on projects able to reduce the EU dependencies on fossil fuels and contribute to achieve its decarbonisation goals (see chapter 2.c).

However, the IAA could easily become (another) missed opportunity to reconcile actual low carbon industrial projects with public participation and environmental protection needs, and able to contribute to break free from the addiction to fossil fuels. For instance, the proposed measures on permitting do not tackle key root causes of slow procedures, such as lack of experts and financial resources. Instead, they risk cutting key environmental safeguards and leading to ecosystem degradation.

The IAA alone will not solve the problems of EU industry; without a coherent and predictable industrial policy based on a strong carbon price providing a long-term business case for innovation, decarbonisation and reduction of dependencies, a price of electricity detached from fossil fuels thanks to an increasing share of renewables, and a level playing field with non-EU operators, the IAA would simply provide lead markets for products that are neither fossil free, nor innovative.

The document addresses the main topics within the IAA, in particular the scope and the goals of the act, the new permitting provisions and the Industrial Manufacturing Acceleration Areas, low-carbon and labelling requirements for intermediate products, and the inclusion of market quotas for low-carbon products.

2. Scope of the IAA and definitions

a. Goal of the Act

The IAA has a general *industrialisation objective* (art. 2) aiming at ensuring that by 2035 the manufacturing industry *account for at least 20% of the EU's gross domestic product*.

[1] In the Clean Industrial Deal communication (COM(2025 85 final) it was referred to as "Industrial Decarbonisation Accelerator Act"

Firstly, it is not clear how such a generic target can stimulate clean industrial manufacturing, nor how it is related to the EU's climate and strategic autonomy targets, including how it would contribute to setting a resilient EU industry, not reliant on fossil inputs.

Secondly, more than ambitious, the goal appears unrealistic. Since 1992 the manufacturing industry has always accounted for less than 20%, and in the 2014-2024 period it has been on average 14.9% (14% in 2024)[2]. In a context of growing economic importance of services compared to industry, it is unclear how the EU can reach such a goal.

We doubt that a mere industrialisation objective without any indication on its quality would serve to assess the state of health of EU industry, nor the effectiveness of the IAA. Other indicators would serve the purpose better, such as to which extent public procurers managed to buy low carbon industrial products or whether EU industry managed to become less dependent on fossil inputs and more electrified.

According to Ember 40% of final energy consumption by industry comes from imported fossil fuels, while only 32.7% is electrified and 45% ready to electrify with existing technologies[3]. **Contributing to improve these figures would be a much more useful goal for the IAA**. According to Agora Industry and Fraunhofer ISI[4], direct electrification technologies expected to be available by 2035 could meet 90% of the energy demand not yet electrified by European industry. **Technologies readily available today, such as heat pumps and electric arc furnaces, could already deliver more than 60% of this demand**.

RECOMMENDATION 1

Article 2 should include objectives able to show how the EU industry progressed towards fossil-free and electrified processes. The IAA should meaningfully contribute to decrease the share of energy used by industry generated by fossil inputs, as well as stimulate the electrification of industrial processes, particularly when technologies are readily available.

b. Definition of Energy-intensive industry decarbonisation project

Article 3.3 defines EII decarbonisation projects as a project *in the energy-intensive industries listed in point 1 of Annex I to this Regulation that reduce emission rates of CO2-eq. of industrial processes significantly and permanently to an extent which is technically feasible*.

The fact that these projects are considered *strategic* (art. 6.2) and benefit from NZIA's permitting timelines (art. 6.1) requires a more focused definition. **The IAA should provide beneficial conditions only to a strictly limited number of high-quality projects able to make a meaningful contribution to phasing out fossil fuels and reducing strategic dependencies,**

[2] World Bank Group
[3] Ember (2025): Shockproof: how electrification can strengthen EU energy security.
[4] Fraunhofer ISI (2024): Direct electrification of industrial process heat. An assessment of technologies, potentials and future prospects for the EU. Study on behalf of Agora Industry.

while decarbonising, and maintaining high environmental integrity. Additionally, limiting the number of projects under this definition would allow for real prioritisation while ensuring high-quality permitting procedures and avoid overloading public authorities.

There is a missing link as to what minimal expectations of these decarbonisation projects should have. While appreciating the reference to *permanent* emissions reduction to an extent *technically feasible*, the fact that such emissions reduction should only be *significant* is not precise enough.

The definition of Deep Industrial Transformation (DIT) coming from the Industrial Emissions Directive (IED)[5] looks more specific and comprehensive, mentioning *extremely substantial reduction of emissions of greenhouse gases in line with the objective of climate neutrality and optimised environmental co-benefits*. An expert based assessment is also made as to whether this transformation reflects best practices.

The Clean Industrial Deal State Aid Framework (CISAF) offers additional conditions:

- Exclusion of projects in industrial production *structurally based on fossil fuels*.
- Quantitative definition of GHG reduction, from 40% for existing installations to 90% for specific technical units, as well as no lock in of fossil fuels.
- Consistency with the Climate Law.
- Conditions in case investments on natural gas-based projects are needed due to lack of alternatives, such as a clear and binding phase out by 2040.

RECOMMENDATION 2

The definition of energy-intensive decarbonisation projects (art. 3.3) should be improved to include only projects able to reduce GHG emissions in line with the EU's climate neutrality goal, as well exclude projects based on fossil fuels to reduce strategic dependencies and accelerate electrification. A cross-link with the definition of 'deep industrial transformation' as per the Industrial Emissions Directive (art. 3.9a) should be made. Potentially, specific GHG emissions and fossil fuels use decrease goals at sectorial level could be added, as well as electrification targets.

Article 5 should refer only to energy-intensive industry decarbonisation projects rather than simple industrial manufacturing projects.

c. Definition of strategic sector

According to the IAA proposal, industrial projects developed inside Industrial Manufacturing Acceleration Areas (IMAAs) in the *strategic sectors* listed in Annex I would benefit from specific permitting requirements. As already mentioned, **the definition of what is considered *strategic* should be better focused to reflect the need of the EU to break free from volatile fossil fuels**

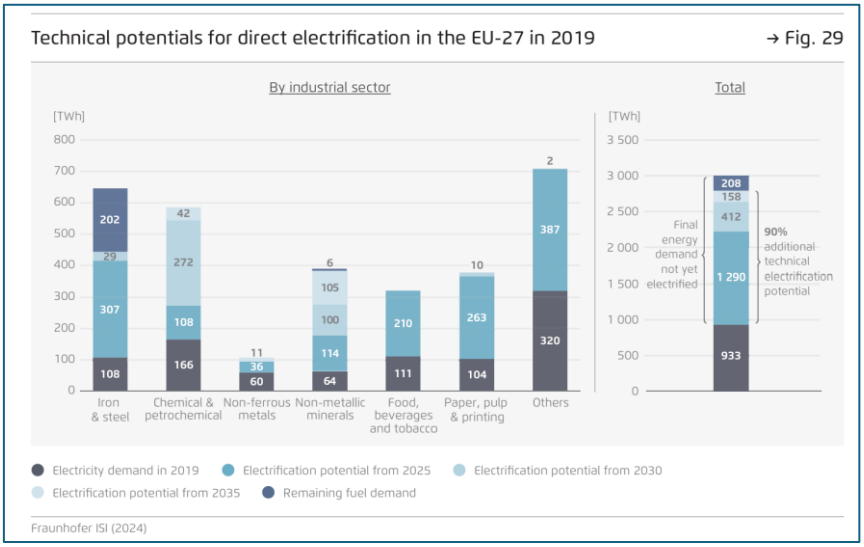
[5] Art. 3.9 (a) of Directive 2010/75 as amended by Directive 2024/1785

and feedstocks and be strictly limited to projects clearly contributing to this goal as well as essential services, without harming the environment.

Critical entities are also defined in the Annex to Directive (EU) 2022/2557 and its secondary act[6], laying down a list of *essential services*. It refers to the energy, transport, banking and financial market infrastructure, health, drinking and wastewater, digital infrastructure, public administration, space, and food sectors. Non-future-proof sectors listed there however relate to the oil and gas sub-sectors.

IAA's Annex I offers the opportunity to be more granular to select only projects able to meaningfully contribute to such important goals, in particular for future-proof essential services.

When it comes to electrification, the IAA should play its role to stimulate it; as mentioned, the potential for electrification is very high, particularly for low-medium temperature processes. The Agora study mentioned in footnote 4 breaks down the electrification potential sector by sector, showing that the short and medium-term electrification potential is quite high.



When it comes to NZIA sectors, the same approach should be used: only sectors able to electrify and break free from fossil fuels should be incentivised (namely renewable energy sources technologies, batteries and energy storage, heat pumps, renewable hydrogen, electricity grids).

RECOMMENDATION 3

The list of strategic sectors in Annex I should be limited, excluding fossil-based production routes. The potential for electrification and fossil fuels phase out for each sector (particularly NACE codes C17, C20, C22, C23, C24 and NZIA technologies) and subsector should be identified. NACE code C19 (Manufacture of coke and refined petroleum products) should be deleted. The list could be further synced with future-proof essential services identified under Directive (EU) 2022/2557.

[6] C(2023) 4878 final

d. What sustainable carbon sources are

Article 3.16 defines *sustainable carbon sources* biomass complying with the sustainability criteria in the Renewable Energy Directive, waste and captured carbon (CCU). The definition is linked to article 16, which envisages additional provisions to be drafted in Delegated Acts aimed at supporting the chemical industry to promote the production, sales and use of substances and mixture of Union origin.

In this case as well, **the definition seems too lax and not focused on offering benefits only to projects in line with the environmental, climate and strategic goals of the EU** for the following reasons:

- When it comes to biomass, many sectors see it as a sort of decarbonisation panacea. The problem is that there will not be enough biomass for everybody wanting it and, consequently, its use must be restricted[7].
- When it comes to waste, attention must be paid to not promote the production of waste for the sake of extracting carbon from it.
- When it comes to CCU, attention must be paid to not promote fossil-based production routes in other sectors only for the sake of capturing carbon.

RECOMMENDATION 4

The definition should be improved by listing stricter criteria defining what is "sustainable" biomass. At least, reference should be made to the last version of the RED legislation (Directive (EU) 2023/2413, aka RED III), applying **the cascading principle** in article 3.3 REDIII to maximise value creation from wood resource without hampering biodiversity.

Regarding waste, the same caution must be used and the **"prevention first" principle** applied to not incentivise linear industrial value chains.

Regarding CCU, only carbon captured **from unavoidable emissions** should be used to not slow down the electrification of industrial process, fossil fuels phase out and the development of more competitive products able to substitute carbon-intensive ones (e.g. low-carbon binders and concretes based on such binders[6]).

3. Permitting

a. General permitting principles

Over the last years, permitting regimes have been changed for specific sectors linked to renewable energy (RED III) and decarbonisation (NZIA, CRMA). With new initiatives in the context of the European Commission's simplification agenda (e.g. the Regulation on speeding up

[7] See report by FERN and ClientEarth: Wiser with wood
[6] See the solutions proposed by the Alliance for Low-Carbon Cement and Concrete

environmental assessments), we can observe a generalisation of these regimes to other sectors, including the industrial manufacturing sector through the IAA.

Unfortunately, these different initiatives do not tackle the root causes of delays in permitting procedures. By creating a maze of generalised derogations and parallel, contradictory regimes, the proposed measures put at risk environmental and human health, and do not incentivise clean industries or speed up permitting; rather, existing permitting procedures are made more complex.

Moreover, it is not clear how this approach will interact with the NZIA framework. An assessment of the effectiveness of the NZIA provisions would be important to identify the right approach to incentivise clean industrial manufacturing while ensuring a high level of environmental protection.

The measures proposed by the Commission seem to be based only on perceived problems, self-reported by industrial operators. The Impact Assessment[8] accompanying the IAA relies on a public consultation to which 79% of replies stem from business association or companies, and only 3% (11 replies) from public authorities. Consultations to identify permitting measures should have been particularly mindful to reflect the view of public and competent authorities, as opposed to business stakeholders, as they are the ones who will implement the permitting provisions of the proposal. As delays in permitting procedures mainly stem from structural issues within these authorities, they would be best place to identify measures that would allow them to speed up these processes, without being overstretched.

In addition, the impact assessment lacks independent data on the actual speed of permitting and the root causes of delay. Evidence suggests[9] that delays in permitting procedures stem from structural issues, including insufficient administrative and expert capacity, the lack of standardised criteria and guidance, insufficient upstream planning as well as governance fragmentation and coordination failures. Where deadlines are legally prescribed, this can often lead to further bottlenecks due to lack of experts and administrative staff and financial resources. The IAA does not sufficiently address these issues, but instead, could make procedures even more complex.

b. Derogations and special regimes must not become the norm

The IAA classifies *all energy-intensive industry decarbonisation* projects (art. 6) as well as *all industrial manufacturing projects located within an acceleration area* (art. 27.4) as strategic in the meaning of article 14 of the proposed Regulation on speeding up environmental assessments[10]. The IAA Annex I lists the sectors that should be included in these acceleration areas.

For such strategic projects, a special permitting regime applies[11]:

[8] European Commission, SWD(2026) 71 final
[9] See Kiss, V., Kovacs, T. and Zolyomi, A. (2026). Nature in EU's energy transition
[10] COM (2025) 984 final
[11] As outlined in Article 14 of the proposed Regulation on speeding-up environmental assessments and its Annex.

- All strategic sectors are presumed to be of *public interest* and can constitute an *overriding public interest* and serve the interests of public health and safety.
- Tacit administrative approval for intermediate administrative steps of the permit-granting procedure (excluding EIAs).
- Expedited dispute resolution timeline.

The concepts of *overriding public interest* and *public health and safety* are directly linked to derogations in the Habitats Directive (art. 6.4), Birds Directive (art. 9.1) and Water Framework Directive (art. 4.7), which are carefully balanced legal exceptions for a reason.

Extending the concept of overriding public interest so broadly would risk a dangerous generalisation of these derogations, making them the norm rather than an exception. This risks severely impacting vulnerable ecosystems and undermining the achievability of the above-mentioned Directives' objectives.

In addition, the label of *strategic sector* can introduce a certain bias into permitting decisions. Experience under the Critical Raw Materials Act has shown that competent authorities tend to rush assessments and derogation test, risking incomplete and low-quality assessments, institutional overload and, potentially, mass-refusals of projects. **It is essential that rushed procedures do not come at the detriment of public consultation and dialogue with local communities**.

The IAA Impact Assessment states itself that such projects ***might generate additional resistance by local communities [...], which can be mitigated by maintaining dialogue with local population***.

c. Single access points and digitalisation

Article 4 mandates Member States to set up a *Single Access Point (SAP) at national level* for the submission of applications for industrial manufacturing projects. Such SAP shall use the European Business Wallet. In addition, article 5 requires Member States to establish a single permit-granting procedure based on a single application covering all required permits.

While it can be positive to introduce measures that ensure better collaboration and coordination as well as digitalized procedures, it must be ensured that in the single procedure no environmental assessment can override another, each assessment is clearly distinguishable and that they contain all necessary information to follow existing legislation. Also, it is not clear to which extent the European Business Wallet would work, since the law is still in co-decision procedure.

Regarding the time limit in article 5.3, it should be noted that extremely rigid timelines should be avoided. They can be linked to rushed and incomplete assessments, particularly when not accompanied by an increase in funding or staff capacity of the competent authority. Additionally, such rigid timelines do not recognize the specificities of each project, which could have, for instance, very different safety requirements needing a careful and not rushed assessment.

Finally, provisions on coordination and digitalisation will only be impactful if accompanied by measures to tackle structural root causes of permitting delays, including ensuring administrative and expert capacity, introducing standardised criteria and guidance, early upstream planning as well as improved governance across all levels (see above).

4. Industrial Manufacturing Acceleration Areas

a. Protection of Natura 2000 sites

When defining Industrial Manufacturing Acceleration Areas (IMAA), Member States only must *prioritise locations outside Natura 2000 sites and outside areas designated under national protection schemes*, while also prioritising locations where the deployment of projects is not expected to have a significant environmental impact (art. 25.3).

This is largely insufficient, as well as inconsistent with the architecture of Renewables Acceleration Areas (RAA) in RED III, where Natura 2000 sites and nationally protected areas are explicitly excluded. Failing to exclude these areas could lead to important environmental damage, as well as increased legal challenges and risks in case of deterioration of conservation status of habitats and species.

Article 13.c (ii) of RED III clearly excludes Natura 2000 sites and areas designated under national protection schemes for nature and biodiversity conservation. The rationale behind excluding Natura 2000 sites in the designation of RAAs under the RED III is that RAAs should not be hindered by legal obstacles and that they should only be situated in areas where renewable energy projects would be expected to not have a significant environmental impact, . In addition to the degradation of our most valuable ecosystems, **this failure to exclude such areas makes permitting significantly more complex and exposes Member States, public authorities and operators to legal risks and potentially high remediation costs.**

b. Aggregated baseline permit

Article 27.1 states that Member States shall prepare and issue an aggregated baseline permit to authorise industrial activities within IMAAs, covering permits and administrative authorisations, but excluding permits that are installation specific.

However, and contrary to the architecture of Renewable Acceleration Areas in the RED III, IMAAs can include a wide variety of technologies and projects. Therefore, the **aggregated baseline permit cannot, by definition, be based on enough evidence to allow for comprehensive assessments**, as required by the Environmental Impact Assessment Directive or the Habitats Directive.

The Birds and Habitats Directives as well as Water Framework Directive require highly specific mitigation measures that directly correspond to the ecological requirements of the habitats, species and water body. **It is unclear how such specific and appropriate mitigation measures will be defined and effectively applied for areas with such a variety of industries.**

RECOMMENDATION 6

We strongly recommend **excluding Natura 2000 sites and nationally protected areas** from the scope of IMAAs (art. 25.3 (c)), in line with the RED III architecture.

Project-specific and comprehensive environmental assessments should be a priority. As defined by the IAA, IMAAs would include a wide variety of project types and technologies. It would be impossible to assess the impact of such diverse processes on a certain area. For this reason, **we recommend either to delete Article 27 or to ensure that IMAAs would be limited to specific type of technologies and projects**. For the latter, it would be key to maintain the reference to installation-specific permits, as it is most appropriate to assess potential risks and identify mitigation measures at the installation level.

Article 5.4 should be strictly interpreted to prevent cumulative effects of measures weakening permitting provisions.

The exclusion of installation-specific permits from baseline permits in Acceleration Areas (art. 27.1) should be extended to all projects falling in the scope of the IAA.

Finally, the Commission should collect information regarding the Net-Zero Industry Valleys in the NZIA framework to assess how they are working to ensure quicker procedures together with a high level of environmental and public health protection.

5. Labels and low-carbon requirements

The IAA was supposed to include a voluntary label classifying for industrial products according to their carbon intensity, with steel and cement mentioned as priority products[12]. Eventually the Commission opted to use the Ecodesign framework (ESPR) to develop such classification for steel and aluminium, while for concrete the Commission is empowered to use the IAA to develop such a label, not being in the ESPR Work Programme (art. 10.2).

The low-carbon requirements will come from the Construction Products Regulation (CPR) and the ESPR Delegated Acts (art. 10.1).

a. Steel

Using existing legislation to define the low-carbon and labelling requirements for steel could achieve a better and more comprehensive result, being the ESPR and the CPR able to address impacts going beyond the mere carbon intensity aspect. To do so, **it is key that the Commission**

[12] Clean Industrial Deal communication (COM(2025 85 final)

includes product aspects going beyond carbon intensity in the list of Ecodesign requirements, including resource and energy use and efficiency to ensure that steel is produced in the most efficient way. Moreover, it is equally important that the first two classes of the label remain sparsely populated to incentivise the production of true low-carbon steel[13].

Energy, water and resource efficiency are the other side of the same competitiveness coin**.** Using less energy, water and resources should be at the heart of any attempt to make the sector more resilient and competitive, as well as compatible with the environment. The inclusion of such indicators would stimulate the industry to use them better, leading to a more resilient and sustainable production.

Last, it is not clear to which extent the IAA will influence the ESPR process. Recital 22 provides a blueprint that apparently favours the use of the sliding scale *for those product categories that typically require primary steel production, as necessary*. It is not clear to which extent the ESPR must take it into account. Also, it is not clear whether the Commission will propose voluntary labels for the steel products not included in the ESPR.

RECOMMENDATION 7

The ESPR process to define low-carbon requirements and a label for steel should be prioritised and accelerated. Ecodesign requirements should go beyond carbon intensity and include aspects related to energy, water and resource use and efficiency, as foreseen in article 5 of the ESPR (points h, I and j).

In any case, any labelling steel should be based on the following principles:

- Promote fossil-free production processes.
- Set a phase out plan for the worst-performing classes.
- Keep the first two classes initially sparsely populated and only for low-carbon, fossil-free, and resource and energy efficient production processes.
- Keep into account other environmental and public health impacts, namely on water and air, as well as substitution of Substances of Concern.

b. Concrete

Article 10.1 of the IAA states that a construction product will be considered low carbon when it complies with the requirements set in the CPR; but, unlike the ESPR, the IAA can adopt delegated acts to supplement the CPR by establishing voluntary labels covering the greenhouse gas intensity of construction products.

This includes construction steel, low carbon cements, alternative low carbon binders and concretes based on these cements/binders. **This exclusion for the CPR should be removed,**

[13] See EEB briefing on the ESPR requirements for steel

and mandatory minimum environmental sustainability requirements should be set for public procurement contracts by the CPR to create lead markets for low carbon products. These requirements for public procurement could be in the form of labels and should be based on the predetermined environmental essential characteristics as listed in Annex II of the CPR.

The IAA aims at ensuring that public procurement targets for low carbon concrete and mortar should be met by 2030; this is based on the market availability of low carbon products in 2030. However, the CPR in its workplan has not listed any new low carbon concrete standardisation request, meaning that that no low carbon concrete can be used in public procurement till they are not harmonised by the CPR.

While the CPR acquis expert group continues to harmonise some of the existing standards, the proposed standardisation requests in the CPR working plan does not include any low carbon concrete. The first clinker-free and near-zero alternative low carbon binder is listed for a standardisation request starting in Q4 2027. **This does not reflect reality, having such products already been used in projects in some Member States.**

Some of these products have also received an in-principle approval under the European technical assessment route but still awaiting the final permission to place their products in the EU market. However, even these alternative approvals do not allow them to be used in public procurement procedures.

This is important because, even if the CPR harmonises some low carbon concretes, they will still be based on the already harmonised low carbon cements (by the standard EN 197-1), which are largely dependent on the use of fossil fuel by-products like fly ash and blast furnace slag.

The IAA should therefore accelerate the standardisation process of the CPR and ensure that novel recipes of low carbon cements, as well as alternative low carbon binders like Alkali Activated Cements, could be scaled up quickly to truly accelerate a long-term business case for innovation while meeting EU's climate and strategic autonomy targets.

RECOMMENDATION 8

The CPR process producing harmonised standards for low-carbon cements and alternative low carbon binders should be prioritised and accelerated.

The CPR should be the final authority to produce mandatory minimum environmental sustainability requirements for public procurement contracts in the form of labels for low carbon concrete. These should be based on a prioritisation of the predetermined environmental essential characteristics as listed in Annex II of the CPR.

The IAA should contribute accelerating the standardisation process of the CPR and ensure that novel recipes of low carbon cements as well as alternative low carbon binders like Alkali Activated Cements could be scaled up quickly to truly accelerate a long-term business case for innovation while meeting EU's climate and strategic autonomy targets.

6. Lead markets and procurement

a. Union origin

The proposed IAA focuses on strengthening strategic industrial value chains by restricting the access of economic operators of non-Union origin in public procurement and other forms of public intervention. However, the definition of Union origin is larger than just being made in the EU, including countries who have established a free trade area or a customs union with the EU, or those who are party to the WTO agreement on Government procurement (GPA). This is subject to the condition that the third country should provide a national treatment to EU's products and entities under those agreements or to avoid dependencies on any country which may threaten the security of supply of products.

The covered strategic sectors include steel and aluminium for use in buildings, infrastructure and transport; concrete and mortaras well as pure electric vehicles, off vehicle charging hybrid vehicles and fuel cell vehicles.

While the inclusion of GPA countries indicates a "Made with the EU" approach to strengthen strategic industries, **it is also a lost opportunity to link public procurement and public funding to sustainable and socially responsible global value chains**[14].

The EU must remain open to sustainable innovations that can go beyond origin requirements. By tying market access to performance, the EU can improve global value chains, drive innovation, and reinforce long-term, sustainable competitiveness. This is the sensible path forward, a race to the top, to support industries critical to Europe's future, while setting global standards for value chains beyond the EU borders.

RECOMMENDATION 9

The EU should prefer a "buy sustainable" policy with the aim to direct public procurement and other public finances to decarbonised and sustainable products to accelerate decarbonisation, reduce environmental damages, protect workers' rights and uphold high animal welfare standards.

Economic operators of Union origin as defined by the IAA should receive the first preference in this targeted approach, but if these operators are not able to match the sustainability and socially responsible criteria then the EU should prioritise trade with partners who are committed to the Paris agreement, as well as other global conventions on biodiversity, pollution, resource consumption and social rights.

[14] For additional details, see the EEB publication "Made with EU green criteria"

b. Assessment of market quotas (Annex II)

In Annex II the IAA lists mandatory quotas for public procurement and other forms of public support to be enforced by 2030 for low carbon products, namely steel, concrete and mortar and aluminium; the definition of *low carbon* is going to be defined in the ESPR and the CPR. The GHG component of these products will be derived from the GHG information provided by the EU ETS for EU economic operators and CBAM for non-EU operators, including those who are covered by the Union origin definition in the act.

Identifying market availability for 2030 depends on progress on decarbonisation in the four years leading towards 2030 and the IAA also provides provisions for subsequent amendment for these quotas based on further assessments, under article 16. **However, the proposed quotas for steel (25%), concrete and mortar (5%) look too conservative**.

Steel

The proposed target of 25% for both public procurement and public support schemes (PSSs) looks too conservative for two reasons:

- The target will likely be met with existing capacity, since a significant share of construction steel used in public procurement projects is already low-carbon, being produced with scrap-based Electric Arc Furnaces (EAF)[15].
- Considering the steel used in public procurement (11% of steel apparent consumption[16], equivalent to 14.2 Mt in 2024) and the steel used for vehicles benefitting from PSSs, (6 Mt in 2025[17]), the Commission proposal in Annex II would only cover 5 Mt/y of steel.
- Consequently, it will likely not stimulate any new project to increase the low-carbon steel project pipeline, freezing the current status quo.

The IAA should have the role of sparking investments, not simply reflecting the status quo. **Therefore, a higher goal of at least 90% for both public procurement and PSSs targeting cars[18] is recommended.** This is doable for two reasons:

- As mentioned above, the steel purchased for public procurement projects is already low carbon, being mainly produced in scrap-based EAFs.
- The project pipeline for low carbon[19] flat steel can handle such quota: 17.2 t of Direct Reduced Iron will hit the market by 2030[20], with additional capacity waiting for final investment decision[21].

[15] https://ecostandard.org/wp-content/uploads/2026/02/BBBB-joint-IAA-statement-February-2026.pdf
[16] IAA Impact Assessment
[17] The figure is calculated according to the following assumptions: 70% of new cars benefits from PSSs (IAA Impact Assessment), 10.8M cars purchased in 2025 (ACEA), 0.8 t of steel per each car (ICCT)
[18] Considering only public procurement and corporate vehicles, this would cover 18.7 Mt/y of steel, 13.3 Mt in public procurement and 5.4 Mt for vehicles benefitting from PPSs.
[19] Mainly hydrogen-based DRI projects, with limited use of natural gas
[20] 2026, INCITE frontloading report for the Best Available Techniques Reference document for iron and steel Production
[21] Agora Industry

But even more importantly, a sound definition of low-carbon steel is needed, which must ensure that the IAA market quotas are strongly ringfenced only for fossil-free and renewables-based steel products[22].

Concrete and mortar

The proposed target of 5% is based on the Final Investment Decisions (FID) of low carbon cement projects in CCS and in new production of Supplementary Cementitious Materials (SCMs). The impact assessment of the IAA says that this is as low as 2.3 Mt in 2030, which is equivalent to 1% of all EU production of cement.

However, this information is cited from one study is not providing further clarity on how much of the 2.3 Mt is from new CCS projects or from new SCM production capacities. The study also clarifies that the investment pipeline about 38.8 Mt/yr for announced capacity is dominated by CCS projects.

Even though the FID projects are based on cement production and the impact assessment concludes that a 5% target for cement is opportune considering the low volume of FID projects compared to total production of cement today, the IAA recommends the same target for concrete. This is contradicting because cement is about 14-15% of the mass of concrete. This is also referred in the study quoted by the impact assessment (at 77% clinker to cement ratio).

This indicates many inconsistencies in the process followed to arrive at the ideal target for low carbon concrete and mortar, to be applied in 2030.

- The study acknowledges the difficulty in tracking investments in SCMs and opines that the project pipeline presented is an underestimation.
- SCM's that are commonly used today are largely based on fossil fuel based industrial processes like fly ash and blast furnace slag, which are expected to reduce as steel decarbonisation progresses towards 2050.
- Many other SCMs (like limestone, calcined clay, mine tailings, recycled concrete fines) can be used to reduce the clinker to cement ratio in cement. Calcined SCMs have a been projected[23] to reach up to 80% of all SCMs available in 2050.
- Even though alternative clinker-free cements are already scaling up production in some Member States and concretes based on such cements have been used in real-world projects, these cements are not included as potential near-zero cements in the analysis because of their low production. This is counter intuitive because the IAA should support lead markets for near-zero alternative cements at least as much as near-zero CCS cements.
- Cements based on such SCMs and clinker-free alternative cements/binders are not certified to be sold as cement across the EU due to the delay in producing harmonised standards by the CPR. Therefore, a big opportunity to procure low carbon concretes are

[22] See EEB briefing on the ESPR requirements for steel
[23] https://alliancelccc.com/wp-content/uploads/2023/05/Methodology-report-Clinker-Substitution-in-the-EU-Cement-Sector.pdf

hindered by the EU's own sectoral legislations. This only helps incumbent industry and costly solutions like CCS.

The IAA should aim at encouraging innovation and competitiveness, which requires a forward-looking approach to set targets for low carbon concretes in public procurement. By recommending a low target of 5% in 2030 the IAA only encourages the procurement of mediocre or intermediate low carbon concretes.

A higher target is possible (up to 50%, based on assessments done by ECOS), if the projected capacity of near-zero CCS based cement production is counted, structural efficiency measures are utilised and inclusion of alternative SCM's and other low carbon alternatives to Portland cement are counted.

Even if we do not include the near-zero investments into CCS in this analysis, the total demand of low carbon concrete available to meet the public procurement demand is almost 22%. This considers structural efficiency measures which can reduce the demand for cement by 10% in 2030 (Cement Europe roadmap, 2024), projected growth of SCMs and an emerging production of clinker replacement materials from recycled concrete. **Therefore, a higher target for 22% up to 50% (including CCS cement pipeline) is possible for low carbon concrete in public procurement.**

Increasing the availability of SCM's should be a critical outcome for the cement lead market that will be created by the IAA, and it helps directly reducing the high clinker to cement ratio in the EU (77% as of 2021). Especially, calcined clay and limestone, which are used both as SCM in Portland cement blending (including LC3 based cements), as well as a clinker replacement in alternative low carbon binders like Alkali activated cements and calcium sulfoaluminate cements, are key products need to scale up production for a successful decarbonisation of the cement industry.

A higher target provides space for novel technologies and innovation as well as encourages many Member States to revise their national annexes in the concrete standard EN 206, while the CPR fastens the process of harmonised standards for low carbon concretes.

RECOMMENDATION 10

The ambition of market quotas for low-carbon products is directly linked to a sound definition of "low carbon". For instance, **it is pivotal that the IAA market quotas are ring-fenced only for fossil-free and renewables-based steel products**. The inclusion of other fossil-based production routes would only promote greenwashing and penalise innovation and slow down investments.

Having said that, the proposed market quotas by 2030 for low carbon steel and cement in Annex II should be increased to incentivise new investment decisions in true low-carbon and innovative projects. **We suggest an at least 90% quota for low-carbon steel both in public procurement and public support schemes and at least 22% for concrete, provided that the low-carbon definitions for both materials do not reflect the status quo and promote fossil-free and true low carbon production routes.**

Also, an increase trajectory over time should be introduced to reflect the evolution of the EU's decarbonisation targets and availability of low-carbon technologies until low-carbon products are firmly established in the market.